

## HOW TO USE THIS BOOK?

This book provides with templates for all standard auditor's reports together with useful and practical samples of modified auditor's reports for the reference of the preparers of independent auditor's reports based on the Hong Kong Companies Ordinance together with the revised HKSAs and PNs. This book has been divided into five parts.

Part 1 summarizes the auditor's reporting duties under the Hong Kong Companies Ordinance, new and revised HKSAs and revised PNs. It also provides with a decision tree for auditor's opinion on financial statements under certain revised HKSAs on page 11.

Part 2 provides with the standard independent auditor's reports covering all of the auditor's reports on the two levels of financial statements (both company-level and consolidated), three financial reporting frameworks (i.e. HKFRSs, HKFRS for PE and SME-FRS), five types of opinion (i.e. unmodified opinion, qualified opinion, disclaimed opinion, adverse opinion and unmodified opinion with emphasis of matters and/or other matters), three formats allowed by HKSA 700 (Revised) (i.e. within-the-body format, within-an-appendix format and specific-reference format). This part provides with as many as 78 templates to cover all of the standard independent auditor's reports (English version). Moreover, the templates are suitable for all four modes of practice and accordingly, they are useful for full-time practitioners, part-time practitioners, CPA firm practices as well as corporate practices.

Part 3 provides with the Chinese version of same templates of standard independent auditor's reports as those presented in Part 2. As the case of Part 2, the Chinese version of standard independent auditor's reports cover both company-level and consolidated financial statements; comply with the three financial reporting frameworks issued by the HKICPA; include modified as well as unmodified reports; and presented all three allowed formats for the selection of difference modes of practitioners.

The preparer of independent auditor's report may simply copy and paste an appropriate template to the reporting documents and modify it to fit his or her specific needs.

Part 4 provides with more than one hundred fifty samples of modified independent auditor's reports for the reference of preparers of independent auditor's reports. Many samples are extracted from the independent auditor's reports of listed companies with appropriate modification. These samples cover a wide range of common qualifications such as inherent limitation, insufficient audit evidences on specific audit areas, audit confirmations, identified material misstatements, recoverability concern, non-compliance of applicable accounting standard, going concern, multiple qualifications, and even more.

The last part, Part 5, provides with some other useful sample reports other than those modified auditor's reports covered by Part 4. These useful sample reports include auditor's report on the financial statements of incorporated owners of a building, auditor's statement pursuant to section 304(5) of the Hong Kong Companies Ordinance, sample auditor's report for an intermediate holding company which produces no consolidated financial statements, etc.

This book, however, provides with no sample auditor's reports for listed entities nor samples for specific industries such as regulated entities, financial institutions, insurance companies, schools, and so on. All of their reports fall beyond the scope of this book.

After Part 5, there are two quick references for the templates of standard independent auditor's reports, one for auditor's reports on company-level financial statements; another for auditor's reports on consolidated financial statements. These two quick references are designed to help users of this book to locate the template of a standard independent auditor's report by an efficient way.

### **The reporting date (匯報日) and the reporting period (匯報期)**

The statements of financial position and consolidated statements of financial position in the sample auditor's reports of Parts 2, 3 and 5 always refer to [*the reporting date*] or [匯報日]. Moreover, the income statements, statements of profit or loss, statements of comprehensive income, statements of income and retained earnings, statements of changes in equity and statements of cash flows (consolidated or otherwise) in these parts always refer to [*the reporting period*] or [匯報期]. In this book, a reference to [*the reporting date*] or [匯報日] always means the end of the reporting period and a reference to [*the reporting period*] or [匯報期] always means the period covered by the financial statements or consolidated financial statements, as the case may be.